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*REPORT TO THE SUBCOMMITTEE ON
INTERGOVERNMENTAL RELATIONS
COMMITTEE ON
GOVERNMENT OPERATIONS
UNITED STATES SENATE*

Case Studies Of Revenue Sharing
In 26 Local Governments

ENCLOSURE M

Cleveland, Ohio

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

C o n t e n t s

	<u>Page</u>
SUMMARY	i
CHAPTER	
1 INTRODUCTION	1
Background information on Cleveland	2
Revenue sharing allocation	3
2 BUDGETING AND PUBLIC PARTICIPATION IN THE BUDGETARY PROCESS	6
Cleveland's fund structure	6
Relationship of revenue sharing to total budget	7
Public involvement in budgetary process	11
3 PROGRAMS FUNDED WITH REVENUE SHARING	13
Uses of revenue sharing	13
Functional uses	13
Specific uses	14
Plans for unobligated funds	16
Accounting for revenue sharing funds	17
Audits of revenue sharing	17
4 COMPLIANCE PROVISIONS OF THE REVENUE SHARING ACT	18
Nondiscrimination provision	18
Comparison of city government work force and civilian labor force	20
Complaints against the city	21
Civil rights suits	22
Davis-Bacon provision	23
Prevailing wage provision	23
5 FINANCIAL STATUS	24
Trend of fund balances	24
Pension funds	25
Indebtedness	26
Borrowing procedures	27
Borrowing restrictions	27
Taxation	27
Major taxes levied	27
Taxing limitations	29
Family tax burden	31

	<u>Page</u>
CHAPTER	
6 OTHER FEDERAL AID	33
Federal aid received	33
Reductions or increases in Federal aid and impact on Cleveland	34
7 SCOPE OF REVIEW	35

APPENDIX

I City government work force, Cleveland, Ohio, June 30, 1974	36
II City government new hires, Cleveland, Ohio, year ended June 30, 1974	38
III Employment discrimination complaints against Cleveland, Ohio, 1972-74	39

ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
EEA	Emergency Employment Act
EEOC	Equal Employment Opportunity Commission
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
OCRC	Ohio Civil Rights Commission
PERS	Public Emoloyees Retirement System of Ohio

SUMMARY

At the request of the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, GAO conducted case studies on general revenue sharing at 26 selected local governments throughout the country, including Cleveland, Ohio. 6-15-78

For the period January 1, 1972, through June 30, 1974, Cleveland was allocated a total of \$36,104,832 in revenue sharing funds, or \$48.08 per capita. Of the amount allocated, \$32,620,236 was received by June 30, 1974 and \$3,484,596 was received in July 1974. The revenue sharing funds allocated to Cleveland were equivalent to about 16 percent of its own tax collections.

The Chairman's letter listed seven areas on which the Subcommittee wanted detailed information. Following is a brief description of the selected information GAO obtained in each area during its review of Cleveland.

1. The specific operating and capital programs funded in part or in whole by general revenue sharing in each jurisdiction. Cleveland has expended revenue sharing funds totaling \$23,079,727 through June 30, 1974, with \$16,111,241 being designated as used for public safety, \$899,260 for financial administration, \$2,769,569 for health, \$1,504,302 for recreation, and \$1,795,355 for social services for the poor and aged. The city's accounting records showed that, within these use designations, \$23,041,762 was used for operations and maintenance costs (including salaries and services) and \$37,965 was used to acquire furniture and equipment.

2. The fiscal condition of each jurisdiction, including its surplus or debt status. During the years 1969-73, Cleveland was confronted with periodic financial problems. Voters turned down city income tax increases, property tax receipts decreased, and services were reduced. Because the city has been unable to increase local revenues to adequate levels, it has become increasingly dependent on Federal grant dollars.

The city's bonded debt in recent years has remained fairly steady. However, Cleveland has become increasingly reliant on short-term borrowing through the use of 1-year notes. These notes have increased from \$8.2 million in 1969 to \$68.2 million in 1973. These notes can be renewed for 5 years, at which time they must either be retired or converted to bonds. Hence, this short-term borrowing may change into long-term debt in future years.

3. The impact of revenue sharing on local tax rates and any changes in local tax laws, and an analysis of local tax rates vis-a-vis per capita income. Over the last 4 years, Cleveland has been encountering financial difficulty. Voters have turned down three attempts to increase the city income tax rate, and property tax receipts have fallen. As a result, the city has become increasingly dependent on Federal funds for financial help. The city's major revenue sources are a 1 percent income tax and a 15.10 mill property tax. Over a 4-year period (1970-73), income tax receipts fluctuated from a low of \$37.2 million in 1971 to a high of \$47.3 million in 1972. However, property tax receipts have decreased from \$40.8 million in 1970 to \$22.5 million in 1973. This was due partly to a 5.80 mill decrease in the property tax rate. Because Cleveland's nonvoted taxing authority is limited, neither the income or property taxes can be increased without a vote of the people.

The percentage of a family's income that is paid to the city of Cleveland, county government, school district, and State government varies as family income increases. The tax burden for a family of four decreased from 8.1 percent of family income to 7.9 percent and increased to 8.3 percent as family income increased from \$7,500 to \$12,500 and \$17,500, respectively.

4. The percentage of the total local budget represented by general revenue sharing. About 9.2 percent of Cleveland's 1973 budget consisted of revenue sharing funds. After including the school district's budget in this calculation, the percentage was 5.1 percent.

5. The impact of Federal cutbacks in three or four specific categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks. Over the last few years, Federal aid to Cleveland has significantly increased. Because of the city's aggressive efforts to attract Federal funds, continued increases in Federal aid are anticipated.

6. The record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law. The city is preparing an affirmative action plan regarding equal employment opportunity, to be ready in 1975. It already has an ordinance which prohibits employment discrimination based on race, religion, creed, color, national origin, and ancestry. The city and the State have organizational units to deal with charges of discrimination.

According to the 1970 census, the city civilian labor force consisted of 302,514 persons, of which 40 percent were females and 36 percent were blacks. As of June 30, 1974, the city's employment statistics showed 10,233 full-time employees, of which 13 percent were females and 33 percent were blacks. Excluding the police and fire departments, which were subject to a civil rights suit, the city employed 49 percent blacks.

There were 46 discrimination complaints against the city filed with the U.S. Equal Employment Opportunity Commission and the Ohio Civil Rights Commission during 1972-74. These complaints alleged discrimination based primarily on race and sex. Of the 46 complaints, local decisions have been rendered on 35--23 were judged "probable cause" and 12 "no cause." The city's community relations board received 25 racial discrimination complaints from May 1, 1972 to December 31, 1974. These complaints have been resolved, with "probable cause" found in 15.

Ten civil rights suits involving employment practices were filed against the city. Eight of these cases were against the police department. In one case, the city was directed to formulate a new police entrance examination and develop new promotion, screening, and transfer criteria. In addition, 18 percent of the 1973 police hires were required to be minorities.

Since Cleveland did not fund construction projects with revenue sharing funds, it was not affected by the Davis-Bacon provision. The city had complied with the prevailing wage provision of the Revenue Sharing Act.

7. Public participation in the local budgetary process, and the impact of revenue sharing on that process. Although public hearings on the budget are required to be held, there was no indication that the general public became actively involved in deciding how revenue sharing was budgeted.

CHAPTER 1

INTRODUCTION

The State and Local Fiscal Assistance Act of 1972 (Public Law 92-512), commonly known as the Revenue Sharing Act, provides for distributing about \$30.2 billion to State and local governments for a 5-year program period beginning January 1, 1972. The funds provided under the act are a new and different kind of aid because the State and local governments are given wide discretion in deciding how to use the funds. Other Federal aid to State and local governments, although substantial, has been primarily categorical aid which generally must be used for defined purposes. The Congress concluded that aid made available under the act should give recipient governments sufficient flexibility to use the funds for their most vital needs.

On July 8, 1974, the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, requested us to conduct case studies on general revenue sharing at 26 selected local governments throughout the country. The request was part of the Subcommittee's continuing evaluation of the impact of general revenue sharing on State and local governments. The Chairman requested information on

- the specific operating and capital programs funded by general revenue sharing in each jurisdiction;
- the fiscal condition of each jurisdiction;
- the impact of revenue sharing on local tax rates and tax laws, including an analysis of tax burden on residents of each jurisdiction;
- the percentage of the total budget of each jurisdiction represented by general revenue sharing;
- the impact of Federal cutbacks in several categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks;
- the record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law; and
- public participation in the local budgetary process and the impact of revenue sharing on that process.

Cleveland, Ohio, is one of the 26 selected local governments, which include large, medium, and small municipalities and counties as well as a midwestern township.

BACKGROUND INFORMATION ON CLEVELAND

Cleveland, formed in 1796 and incorporated as a city in 1836, is the largest of 37 cities in Cuyahoga County. According to the 1970 census, the city, with a population of 750,879, is the largest in the State and 10th largest in the Nation. Situated on the shore of Lake Erie and at the mouth of the Cuyahoga River, the city is served by one of the larger inland ports in the country.

Cleveland is an important industrial, commercial, and transportation center, with manufacturing a major component of its economy. However, service-related and trade industries are becoming increasingly important. The city's 1970 median family income of \$9,107 was \$2,300 below the Standard Metropolitan Statistical Area (SMSA) median.

The city operates under a mayor-council form of government--the mayor being the chief executive officer. The city council is made up of 33 councilmen representing 33 separate wards. The mayor and councilmen are elected every 2 years.

The council generally meets weekly, but most of the actual legislative work is performed by its 16 permanent committees. Committee members analyze, review, and discuss all legislation prior to approval by the full council. The mayor may veto ordinances and has broad appointive powers regarding departmental directors.

The city owns and operates an electric plant serving nearly 50,000 customers. This plant competes with a privately owned utility which serves most of Cleveland. The city provides water to all of Cleveland and various suburbs. In addition, it provides all fire and police protection and household waste collection for city residents.

The city is served by the Cleveland Transit System, a quasi-independent city agency. The system operates approximately 700 buses and 100 rapid transit (rail) cars. The city also operates an international airport and a downtown airport.

Cleveland provides the following services in conjunction with other agencies or governmental units:

Health service--through four major health centers. County, State, and private organizations also provide various health services.

Parks and recreation--with 2,370 acres of developed parkland and 22 recreation centers. The city is also served by a metropolitan park system.

Highways and streets--maintains 1,560 miles of streets. The State maintains all interstate highways in the city.

Social services--through various departments, such as the offices of consumer affairs and aging. Social services are also provided by county, State, and local agencies.

Environmental protection--through monitoring air quality and enforcing air pollution control standards. Many of these activities are performed in cooperation with the Ohio Environmental Protection Agency.

Education is provided by an independent school district, and public welfare (cash payments) is provided by the county, State, and Federal governments. Cleveland is served by an independent library system.

Sewer service is provided by the Cleveland regional sewer district, which is currently composed of the city of Cleveland and 33 surrounding suburbs.

The regional sewer district was established by the courts and began its operations in July 1972. The city of Cleveland was ordered by the courts to sell its sewer system to the district as a result of a suit brought by the neighboring city of Beachwood and the Ohio Water Pollution Control Board on the basis that sewerage should be handled regionally. The basic price of the system was established at \$29,869,250 as of May 1, 1972, with interest computed at 5.25 percent from that date to the date of sale. In 1973 Cleveland sold the sewer system for \$32,221,453, which included \$2,352,203 in interest on the basic price.

The regional sewer district is a separate political subdivision governed by a board of trustees. It is not authorized to levy taxes, but it may issue revenue bonds. The city collects the sewerage user charges and turns them over to the district after deducting a collection fee.

REVENUE SHARING ALLOCATION

Revenue sharing funds are allocated according to a formula in the Revenue Sharing Act. The amount available for distribution within a State is divided into two portions--one-third for the State government and two-thirds for all eligible local governments within the State.

The local government share is allocated first to the State's county areas (these are geographic areas, not county governments) using a formula which takes into account each county area's population, general tax effort, and relative income. Each individual county area amount is then allocated to the local governments within the county area.

The act places constraints on allocations to local governments. The per capita amount allocated to any county area or local government unit (other than a county government) cannot be less than 20 percent, nor more than 145 percent, of the per capita amount available for distribution to local governments throughout the State. The act also limits the allocation of each unit of local government (including county governments) to

not more than 50 percent of the sum of the government's adjusted taxes and intergovernmental transfers. Finally, a government cannot receive funds unless its allocation is at least \$200 a year.

To satisfy the minimum and maximum constraints, the Office of Revenue Sharing uses funds made available when local governments exceed the 145 percent maximum to raise the allocations of the State's localities that are below the 20 percent minimum. To the extent these two amounts (amount above 145 percent and amount needed to bring all governments up to 20 percent) are not equal, the amounts allocated to the State's remaining unconstrained governments (including county governments) are proportionally increased or decreased.

Cleveland was lowered to the 145 percent maximum constraint in the first three entitlement periods (January 1, 1972, through June 30, 1973), but was not lowered to the 145 percent constraint or raised to the 20 percent constraint in the fourth entitlement period (July 1, 1973, through June 30, 1974). Constraints applied to other governments in the State for the fourth entitlement period resulted in a reduction of Cleveland's allocation for the fourth period.

Our calculations showed that if the allocation formula was applied in Ohio without all the act's constraints, Cleveland's allocation for the period January 1, 1972, through June 30, 1974, would have been \$39,358,452. However, because these constraints were applied, Cleveland's final allocation was \$36,129,785. The initial allocation and payments to Cleveland for the same period were \$36,104,832, including \$3,484,596 received in July 1974. The payment for the next entitlement period will be increased by \$24,953, the difference between initial and final allocations.

The following schedule shows revenue sharing payments per capita and revenue sharing as a percentage of adjusted taxes for Cleveland, with a population of 750,879, and the next two largest cities in Ohio, Columbus and Cincinnati, with populations of 540,025 and 451,410, respectively.

<u>City</u>	Revenue sharing funds received for the period January 1, 1972, through June 30, 1974		
	<u>Received (note a)</u>	<u>Per capita share</u>	<u>As a percent of taxes (note b)</u>
Cleveland	\$36,104,832	\$48.08	15.8
Columbus	17,352,672	32.13	16.3
Cincinnati	22,452,504	49.74	14.7

^aIncludes payment received in July 1974 for quarter ended June 30, 1974.

^bFiscal year 1971 and 1972 taxes, as defined by the Bureau of the Census, were used and were adjusted to correspond to the 2-1/2-year period covered by the revenue sharing payments.

The 145 percent constraint for the governments in Ohio for the period covered was \$51.48 per capita. The 20 percent constraint was \$7.09 per capita.

CHAPTER 2
BUDGETING AND PUBLIC PARTICIPATION
IN THE BUDGETARY PROCESS

CLEVELAND'S FUND STRUCTURE

The city's fund structure over the last 5 years consisted of 32 to 34 separate funds, exclusive of those set up for special grants. The city's funds fall into the following major categories: general, special revenue, debt service, capital project, enterprise, intergovernmental service (revolving), and trust and agency.

A brief description of the above funds, including the nature of the fund, the activities and services it financed, and its revenue sources, follows.

The general fund is the major operating fund of the city. It funds, in total or in part, the administrative and most of the operating departments of the city. The activities it finances include general government (administration), parks and recreation, manpower and economic development, maintenance of public properties, waste collection and disposal, public health and welfare, and police and fire protection.

The general fund's major sources of income are taxes. These include a 1 percent city income tax; a tax on real, utility, and tangible property; and inheritance and admissions taxes. Other sources of income include fines, license and permit fees, locally shared revenues from airports and port authority, charges for services rendered by the city, and revenue returned to the city from the State in the form of a local government fund.

The city has two special revenue funds--one for street construction, maintenance, and repair, and one for sidewalk construction, maintenance, and repairs. The main revenue sources for the street fund include automobile license fees, gasoline excise taxes, and charges for certain street openings and repaving. The sidewalk fund is funded by charges to property owners.

The city has seven debt service funds, which account for payment of principal and interest on long-term debt. These funds are managed by a sinking fund commission, which consists of the mayor, finance director, and city council president. Included in these funds is one bond fund which is supported by taxes. It is used to pay interest and redeem the city's general obligation debt.

There are four self-supporting bond funds which are used to pay interest and redeem bonds sold for airport, waterworks, sewer, and sewage disposal improvements. Their revenues are primarily from reimbursements

for services. There are also two mortgage revenue bond funds which are reimbursed by utility revenues from electric light and power and waterworks.

The capital project funds are supported by a 0.2 mill levy on real, utility, and tangible property for special public improvements and equipment. At least one-half of this levy must be spent on behalf of the police and fire forces.

The city's 11 enterprise funds finance services for which all or most of the costs are paid by user charges. Included in this category are funds for water and heat, water pollution control, light and power, cemetery maintenance, auditorium and stadium, municipal parking, and municipal airports. Because of a deficit in 1973, the auditorium and stadium fund received a subsidy from revenue sharing.

The city has five intergovernmental service funds, which are used to finance special activities and services performed by certain designated organizational units within city government for other organizational units within city government.

The types of intergovernmental services rendered by these funds include data processing, motor vehicle maintenance, printing and reproduction, procurement of office supplies and postage, and photography. These funds derive their revenue from charges to other funds.

The city has eight trust and agency funds, which account for assets held by governmental units as trustees or agents for other governmental units. Other than the general revenue sharing fund, the largest fund is that used for income tax administration. The taxation division collects income taxes for the city of Cleveland and 23 other municipalities. Other funds include an office on aging fund and five relating to community development.

RELATIONSHIP OF REVENUE SHARING TO TOTAL BUDGET

During the 2-year period ended December 31, 1973, budgets for Cleveland totaled approximately \$499.3 million. Revenue sharing funds received by the city for these years totaled \$25,651,048.

The city received its first revenue sharing payment of \$7,214,134 in December 1972. Revenue sharing funds were not budgeted for 1972 because the city was uncertain when the money would be received. When the first payment arrived, it was too late to budget it because the city council was in recess for the remainder of the fiscal year, which coincides with the calendar year.

In 1973 the city received four additional payments totaling \$18,436,914. For that year the city budgeted \$24,500,000 in revenue sharing, the best estimate it had in early 1973 when it prepared its budget. By yearend, when deficits in some funds became apparent, a supplementary appropriation

of the unbudgeted revenue sharing money was not made because the council was in recess. However, that money was carried into 1974 to balance the deficits in the 1973 funds.

The sixth payment of \$3,484,594, made for the last quarter of 1973, was received in January 1974 and was not included in the 1973 budget because the city is on a cash basis and cannot budget money unless it expects to receive the money in the budget year.

The following table shows Cleveland's budget for 1971, the year prior to revenue sharing. It also shows revenue sharing funds received and budgeted for 1972 and 1973 and their relationship to Cleveland's budgets for these years.

Percentage of Cleveland Budget
Represented by Revenue Sharing

	Completed fiscal periods		
	Last prior to	1st under	2nd under
	revenue sharing	revenue sharing	revenue sharing
	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Cleveland</u>			
City budget:			
Operating funds:			
General fund	\$ 95,750,932	a/ \$ 97,542,465	b/ \$112,770,120
Revenue sharing funds			24,500,000
Other	<u>80,531,648</u>	<u>93,851,770</u>	<u>89,336,809</u>
Total	<u>176,282,580</u>	<u>191,394,235</u>	<u>226,606,929</u>
Special funds	<u>39,795,999</u>	<u>40,878,884</u>	<u>40,397,266</u>
Total	<u>216,078,579</u>	<u>232,273,119</u>	<u>267,004,195</u>
School district budgets:			
Cleveland public schools	196,115,300	214,473,981	212,946,840
Other school districts	<u>1,585,767</u>	<u>1,629,644</u>	<u>1,594,075</u>
Total	<u>197,701,067</u>	<u>216,103,625</u>	<u>214,540,915</u>
Total (note c)	<u>\$413,779,646</u>	<u>\$448,376,744</u>	<u>\$481,545,110</u>
Revenue sharing payments received	-	\$7,214,134	\$18,436,914
Revenue sharing funds budgeted	-	-	\$24,500,000
Cumulative revenue sharing payments received but not budgeted	-	\$7,214,134	\$1,151,048
Percentage of city budget represented by revenue sharing	-	-	9.2
Percentage of city and school district budgets represented by revenue sharing	-	-	5.1

^aIncludes \$9,600,000 from the sale of general purpose notes.

^bIncludes \$18,732,280, partial proceeds from the sale of the city's sewer system to the regional sewer district.

^cExcludes revolving funds and budgeted interfund transfers.

School district budget data is included in the above table to make the budgets comparable with those of local governments whose responsibilities include operating local school systems. Although independent school districts do not receive revenue sharing funds directly from the Federal Government, the financing of public schools is a major responsibility at the local government level and represents a significant part of the local tax burden.

The revenue sharing money budgeted in 1973 was used primarily to meet current operating expenses. The following budget data, as amended, shows revenue sharing in relation to the total city budget and the areas where the city planned to spend these funds.

Comparison of Budgeted (note a)
Revenue Sharing Funds to Total City Budget
by Department For Years 1972-74

<u>Department</u>	<u>1972 (note b)</u>	<u>1973</u>		<u>1974</u>	
	<u>Total all funds</u>	<u>Revenue sharing funds</u>	<u>Total all funds (note c)</u>	<u>Revenue sharing funds</u>	<u>Total all funds (note c)</u>
(000 omitted)					
General government	\$ 8,126	\$ 938	\$ 10,487	\$ 1,367	\$ 13,079
Public properties	7,829	1,475	9,936	2,261	11,385
Human resources and economic development	132	-	347	-	638
Public service	25,941	-	27,459	2,442	34,743
Public health and welfare	5,674	4,288	9,235	1,365	7,049
Community development	3,875	2,033	6,133	420	5,860
Public safety	62,258	9,475	68,159	10,674	75,009
Finance	3,104	496	3,972	-	3,511
Port control	10,752	-	9,843	-	10,536
Public utilities	71,814	-	82,890	-	81,723
Sinking fund commission	37,938	-	37,348	-	39,290
Office on aging	-	-	-	-	381
Nondepartmental	5,062	5,795	26,625	-	8,137
Total (note d)	<u>\$242,504</u>	<u>\$24,500</u>	<u>\$292,435</u>	<u>\$18,529</u>	<u>\$291,343</u>

^aIncludes revolving funds and budgeted interfund transfers.

^bNo revenue sharing funds budgeted this year.

^cIncludes revenue sharing funds.

^dAny variations in columnar totals are due to rounding.

PUBLIC INVOLVEMENT IN BUDGETARY PROCESS

In June of each year, a tax budget, which is an estimate of the city's budget requirements for the ensuing calendar year, is presented to the city council. Two copies of this proposed budget are placed on file in the finance director's office for public inspection. The city must also give notice of public hearing on the budget no less than 10 days before the hearing date. Cleveland publishes such a notice in its official publication--the City Record. Once a hearing is held, the council approves the tax budget in the form of a resolution. This budget must be approved and submitted to the county auditor by July 20.

The county auditor submits the tax budget, along with related tax data, to the county budget commission. The commission examines the budget in relation to taxes and other revenues expected to be raised on behalf of the city. The commission approves the budget and presents the city an amended official certificate of estimated resources which the city will use as a basis for its operating budget--the mayor's estimate.

The mayor's estimate must be prepared and presented to the city council by February 1 of the budget year. As required by city charter, 1,000 copies of the proposed budget "shall be printed for distribution to citizens who may call for them. Copies of the Estimate shall also be furnished to the newspapers of the city, and to the public library and each of its branches."

The city council is required to prepare an appropriation ordinance based on the mayor's estimate. Public hearings, which generally last a week, are required to be held before either the council's finance committee or the full council. Notice of such hearings is published in the City Record, and the news media generally publicizes them. After the hearings and any amendments, the appropriation ordinance is published in the City Record showing changes and reasons for changes. The council may then pass the ordinance 15 days after publication. Upon passage, which can be no later than April 1, the appropriation ordinance is again published in the City Record and becomes the city budget.

Preparation of the capital improvement budget is the responsibility of the city planning commission, which consists of seven members--six appointed by the mayor and one a member of city council.

Each year, on or before June 1, the commission presents a 6-year capital budget to the mayor. The budget contains recommendations for the ensuing year and an overall program for the 5 following years. After the mayor's review and determination of necessary financing, the budget is sent to the city council for approval. The city charter requires that hearings be held.

Although revenue sharing was intended to promote citizen awareness of and interest in local affairs, it did not have any noticeable effect on the city's overall budgetary process. We found little evidence showing that the city actively invited the public to have a voice in how the revenue sharing funds should be spent. Because the city needed revenue sharing "just to keep going," decisions on how the money should be spent were made by the city administration based on where the money was most needed.

Some publicity, however, was given to the revenue sharing program. Besides the publicity generated through required publication of planned and actual use reports and occasional news releases, Cleveland's mayor publicized the revenue sharing program through local television appearances and speeches. The impact of such publicity, however, on citizens' budgetary participation appeared minimal.

We contacted several community groups to determine their interest or involvement in the revenue sharing program. These groups were either not interested in the program, casually interested in the program and satisfied with available information on it, or interested in the program and felt more information should be made available to the public.

One group, which made an extensive study of Cleveland's revenue sharing program, concluded that citizen participation is structurally limited to making suggestions and complaints to ward council persons and to monitoring public hearings on the budget. It further concluded that:

"* * * there is little in these processes to inject into citizens an enthusiasm for participation. Compounding this are three noticeable attitudes among Cleveland citizens:

- "1) lack of knowledge of budgetary processes and general revenue sharing provisions;
- "2) a degree of competitiveness among organizations who are concerned with their own particular community or issues; and
- "3) apathy based on past inability to influence the budgetary process. * * *

CHAPTER 3

PROGRAMS FUNDED WITH REVENUE SHARING

Cleveland was allocated \$36,104,832 in revenue sharing funds for the period January 1, 1972, through June 30, 1974. Of the amount allocated, \$32,620,236 was received by June 30, 1974, and \$3,484,596 was received in July 1974. Interest earned on the funds as of June 30, 1974, was estimated at \$320,700. Of the amount allocated for the period ended June 30, 1974, and interest earned thereon, the city had expended \$23,079,727 and had obligated an additional \$285,701. The remaining \$13,060,104 had not been obligated.

USES OF REVENUE SHARING

The uses of revenue sharing funds described in this chapter are those reflected by Cleveland's financial records. As we have pointed out in earlier reports on the revenue sharing program ("Revenue Sharing: Its Use by and Impact on State Governments," B-146285, Aug. 2, 1973, and "Revenue Sharing: Its Use by and Impact on Local Governments," B-146285, Apr. 25, 1974), fund "uses" reflected by the financial records of a recipient government are accounting designations of uses. Such designations may have little or no relation to the actual impact of revenue sharing on the recipient government.

For example, in its accounting records, a government might designate its revenue sharing funds for use in financing environmental protection activities. The actual impact of revenue sharing on the government, however, might be to reduce the amount of local funds which would otherwise be used for environmental protection, thereby permitting the "freed" local funds to be used to reduce tax rates, to increase expenditures in other program areas, to avoid a tax increase or postpone borrowing, to increase yearend fund balances, and so forth.

Throughout this case study, when we describe the purposes for which revenue sharing funds were used, we are referring to use designations as reflected by city financial records.

Functional uses

Revenue sharing was spent in the following functional areas:

	<u>Operations and maintenance</u>	<u>Capital expenditures</u>	<u>Total</u>
Public safety	\$16,075,863	\$35,378	\$16,111,241
Health	2,766,982	2,587	2,769,569
Recreation	1,504,302	-	1,504,302
Social services for poor and aged	1,795,355	-	1,795,355
Financial administration	<u>899,260</u>	<u>-</u>	<u>899,260</u>
Total	<u>\$23,041,762</u>	<u>\$37,965</u>	<u>\$23,079,727</u>

Specific uses

Most of the revenue sharing money was spent on salaries and personnel benefits. During 1973, \$2,016,192 of the total salary expenses funded with revenue sharing were paid to personnel previously funded under an Emergency Employment Act (EEA) grant which was phased out. Also, \$2,060,527 of revenue sharing was used in 1973 to pay retroactive salary and personnel benefits earned by employees in 1971 and 1972.

Following is a detailed description, by function, of how revenue sharing was used.

Public safety

Police and fire, \$8,187,687--Revenue sharing did not provide any additional personnel. It was used to help maintain existing services. Specifically, the funds were used to pay for some police and fire salaries, clothing allowances, and fringe benefits. In 1973, it was also used for payment on the accrued pension liability.

Building code enforcement, \$2,242,639--Funds were used to pay for wages and benefits, operating expenses, and housing demolition. The department of community development estimated that 530 unsafe structures were demolished in 1973 using revenue sharing funds. Demolition was previously funded under another Federal program that had been discontinued. The department also used revenue sharing to hire a few more housing inspectors. In 1974 the demolition program was funded by the sale of the city's sewer system.

Consumer protection, \$207,447--The office of consumer affairs, which was started in 1972, was primarily funded by revenue sharing in 1973. It was previously funded by local funds and EEA money. Revenue sharing was used to pay for nearly all its salaries and operating expenses and to purchase furniture and equipment. The office was funded by the general fund in 1974.

Street lighting, \$3,868,509--Revenue sharing was used to light the city's streets in 1973. In previous years, the general fund was used for

this function. In 1974, in addition to some revenue sharing, funds from the sale of the city's sewer system were used to pay for this service.

Dog pound, \$20,541--A minimal amount of revenue sharing was used to pay salaries and fringe benefits.

Health

Health services, \$2,451,033--Revenue sharing enabled the health department to expand some services. It allowed the city to hire at least 10 physicians, 25 nurses, and several dentists for the city's 4 health clinics. Because of revenue sharing, the city's newest health clinic opened and services at another clinic were expanded. Patient load nearly doubled. In addition to purchasing some equipment, the money was used to purchase drugs and other supplies.

House of corrections, \$315,949--Revenue sharing was used to pay part of the facility's regular salaries and fringe benefits.

Recreation

Recreation centers, \$1,504,302--In 1973 revenue sharing funds were used to reopen four recreation centers that were closed in 1971 because of the city's financial problems. In addition, personnel were hired to allow the city's 22 centers to open on weekends and to extend weekday hours. Because of the new personnel, additional organized programs were offered at the centers. One department official claimed that, by extending center hours, some vandalism was prevented.

Social services for poor and aged

Indigent relief, \$1,795,355--This payment is the city's share of administering the county welfare department. The payment is normally made from the general fund. In 1974 it was paid from funds derived from the sale of its sewer system.

Financial administration

Finance and data processing, \$899,260--Revenue sharing was used to pay salaries, fringe benefits, and operating expenses. It enabled the finance department to rehire some employees previously laid off. Revenue sharing also subsidized salaries and data processing expenses of the office of budget and management.

As just illustrated, some of the revenue sharing money was expended for costs or services that had been funded by "local" money in the previous year. For example:

	<u>Amount funded by general fund</u>	<u>Amount funded by revenue sharing</u>	<u>Amount budgeted in general fund (sewer system sale)</u>
Police and fire accrued pension liability:			
1972	\$4,313,990		
1973		\$5,392,486	
1974			\$5,392,485
Indigent relief:			
1972	1,795,355		
1973		1,795,355	
1974			1,795,355
Street lighting:			
1972	2,260,382		
1973		3,863,736	
1974		1,700,000	1,500,000

Plans for unobligated funds

Of the first eight revenue sharing payments, \$13,060,104 was unobligated at June 30, 1974. These funds are part of Cleveland's 1974 revenue sharing budget of \$18,529,201.

At June 30, 1974, \$17,484,505 of the revenue sharing funds in the 1974 budget remained unobligated:

1974 revenue sharing budget	\$18,529,201
Funds spent (Jan. 1 to June 30)	<u>1,044,696</u>
Available for expenditure (July 1 to Dec. 31)	<u>\$17,484,505</u>

A portion of this unobligated balance will be used as a subsidy to eliminate 1973 deficits in four funds:

Special revenue funds:	
Street construction, maintenance and repairs	\$ 922,410
Enterprise fund:	
Auditorium and stadium	769,827
Intergovernmental service funds:	
Motor vehicle maintenance	1,064,239
Data processing	<u>1,116,994</u>
Total for operating subsidies	<u>\$3,873,470</u>

Plans for the remaining unobligated funds include expenditures for salaries and operating expenses in the following areas.

Building code enforcement	\$ 304,785
Recreation centers and parks	1,237,490
Health centers	766,010
Police protection	10,597,019
Financial administration	250,000
1974 subsidy for street construction, maintenance, and repairs	<u>455,731</u>
Total for salaries and operating expenses	<u>\$13,611,035</u>

The 1974 subsidy for street maintenance was to avert an expected deficit due, in part, to lower-than-expected automobile license and gasoline tax receipts from the State.

For 1975 the city plans to budget its revenue sharing money for one function--public safety (police salaries). It felt this action, which would be subject to city council approval, would simplify bookkeeping and auditing.

ACCOUNTING FOR REVENUE SHARING FUNDS

Revenue sharing money is accounted for separately in a special trust fund; all receipts and expenditures are made directly to and from this special fund. The revenue sharing fund is included in the city's operating budget and is separately identified. Budgeted expenditures are classified by function and line item.

Revenue sharing funds are handled in the same way as local funds. When the funds come into the treasurer's office, a receiving warrant is prepared, which enables the accounts division to credit the revenue sharing trust fund. The money is commingled with local money and is usually invested in certificates of deposit. Investment interest is computed annually and is credited to various funds, based on their average monthly cash balances.

Salaries and wages are paid on separate revenue sharing payrolls. The payrolls are then disbursed from the revenue sharing trust fund. Revenue sharing that is budgeted for operating expenses is also disbursed directly from the trust fund.

AUDITS OF REVENUE SHARING

No special audits were made of revenue sharing. However, according to the city's bureau of internal audit, revenue sharing expenditures are audited in the same manner as expenditures of the city's own funds. Expenditures are also reviewed to see if they meet the priority expenditure categories. No report of audit findings was available.

CHAPTER 4
COMPLIANCE PROVISIONS
OF THE REVENUE SHARING ACT

The act provides that, among other requirements, each recipient shall

- create a trust fund in which funds received and interest earned will be deposited. Funds will be spent in accordance with laws and procedures applicable to expenditure of the recipient's own revenues;
- use fiscal, accounting, and audit procedures which conform to guidelines established by the Secretary of the Treasury;
- not use funds in ways which discriminate because of race, color, national origin, or sex;
- under certain circumstances, not use funds either directly or indirectly to match Federal funds under programs which make Federal aid contingent upon the recipient's contribution;
- observe requirements of the Davis-Bacon provision on certain construction projects in which the costs are paid out of the revenue sharing trust fund;
- under certain circumstances, pay employees who are paid out of the trust fund not less than prevailing rates of pay; and
- periodically report to the Secretary of the Treasury on how it used its revenue sharing funds and how it plans to use future funds. The reports shall also be published in the newspaper, and the recipient shall advise the news media of the publication of such reports.

Further, local governments may spend funds only within a specified list of priority areas.

For purposes of this review we gathered selected information relating to the nondiscrimination, Davis-Bacon, and prevailing wage provisions.

NONDISCRIMINATION PROVISION

The act provides that no person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination

under any program or activity funded in whole or in part with general revenue sharing funds.

Although the city has no overall formal affirmative action plan regarding equal employment opportunity, it is preparing such a plan to be ready in 1975. The city has a "fair employment practices" ordinance which prohibits employment discrimination based on race, religion, creed, color, national origin and ancestry; it does not cover sex or age.

Enforcement of the ordinance, via conciliation or public hearing, is the responsibility of Cleveland's community relations board. Composed of 17 members appointed to staggered terms of 1 to 3 years, the board is also responsible for

- promoting fair employment (nondiscrimination) practices among employers, employees, employment agencies, and the general public;
- providing employers, labor unions, employment agencies, and other public and private agencies with technical assistance in formulating educational programs on nondiscrimination in employment;
- disseminating educational materials on ways to reduce and eliminate discrimination; and
- receiving, investigating, and attempting to adjust all complaints of discriminatory employment practices prohibited by the fair employment practices ordinance.

The board also has the authority to initiate legal action through the city's law department.

The Ohio Civil Rights Commission (OCRC) has jurisdiction over fair employment practices in municipal governments. OCRC was formed in 1959 when the Ohio Fair Employment Practices Act became effective. It has the authority to receive, investigate, and conciliate complaints; hold public hearings; subpoena records; issue cease and desist orders; and seek enforcement in the courts.

The U.S. Equal Employment Opportunity Commission (EEOC) also has fair employment practice jurisdiction over municipal governments and the power to investigate and conciliate discrimination complaints. Many complaints filed with EEOC against municipal governments are referred to OCRC. If OCRC does not resolve the complaint in 60 days, EEOC then takes jurisdiction.

Comparison of city government
work force and civilian labor force

We compared the race and sex composition of the city government's work force to its civilian labor force. These statistics were obtained from the city's 1974 annual report to EEOC and Department of Commerce 1970 census data, respectively. The city's annual report, showing its government work force as of June 30, 1974, also shows new hires during the 12-month period ended June 30, 1974. Statistics on promotions by race and sex were not available.

	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Civilian labor force:						
Total	<u>180,880</u>	<u>59.8</u>	<u>121,625</u>	<u>40.2</u>	<u>302,514</u>	<u>100.0</u>
Black	60,671	20.1	47,546	15.7	108,217	35.8
Spanish speaking	3,117	1.0	1,696	0.6	4,813	1.6
City government work force:						
White	6,100	59.6	652	6.5	6,752	66.1
Black	2,754	26.9	669	6.5	3,423	33.4
Spanish surname	26	0.3	16	0.1	42	0.4
Other	<u>13</u>	<u>0.1</u>	<u>3</u>	<u>-</u>	<u>16</u>	<u>0.1</u>
Total	<u>8,893</u>	<u>86.9</u>	<u>1,340</u>	<u>13.1</u>	<u>10,233</u>	<u>100.0</u>

For a detailed analysis, by department, of the city government work force and new hires, see appendixes I and II.

As shown above, only 13.1 percent of the city government work force is female. This is due to the high percentages of males in traditionally male-dominated work functions, such as police and fire protection and public service (waste collection).

The percentage of blacks, overall, compares favorably with the Cleveland civilian labor force. The city government work force, according to its official reported figures, is 33.4 percent black; the civilian labor force is 35.8 percent black. However, excluding the police and fire departments, which were subject to a civil rights suit (Shield Club v. City), the percentage of blacks employed by the city government is

49 percent. Only 12.6 percent of the police department and 10 percent of the fire department are blacks.

Since the late 1960s, the city has been actively recruiting minorities to take the police and fire entrance examinations. Furthermore, the present administration has appointed several minorities to directorship positions.

Complaints against the city

We contacted the local OCRC and EEOC offices to determine if any discrimination-in-employment complaints were filed against the city after January 1, 1972. For the 3-year period 1972-74, 46 complaints were filed--25 with OCRC and 21 with EEOC. A summary of the status of these complaints is presented below. Details are shown in appendix III.

Status of Employment Discrimination Complaints Against the City of Cleveland 1972-74

<u>Department</u>	<u>Status</u>				<u>Total</u>
	<u>Probable cause</u>	<u>No cause</u>	<u>Pending investigation</u>	<u>Unknown</u>	
Police	20	1	2	2	25
Health	-	7	1	-	8
Utilities	2	1	4	-	7
Other	<u>1</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>6</u>
Total	<u>23</u>	<u>12</u>	<u>7</u>	<u>4</u>	<u>46</u>

Of the 46 complaints, 29 were filed by females and 17 by males. Twenty complaints involved hiring practices, 16 involved terms and conditions of employment, and 10 involved layoffs. Some of the 23 cases that were judged "probable cause" by the local offices have been conciliated. However, others remain "open" and final determinations must be made by the EEOC office in Washington or the OCRC office in Columbus, Ohio. Nineteen of the "probable cause" complaints were filed by women against the police department--11 concerned hiring and 8 concerned layoffs.

From May 1, 1972, to December 31, 1974, the city's community relations board received 25 complaints against the following departments.

<u>Department</u>	<u>Type of complaint</u>	
	<u>Formal</u>	<u>Informal</u>
Utilities	4	8
Health	4	4
Recreation	1	2
Municipal courts	1	-
Public service	<u>1</u>	<u>-</u>
Total	<u>11</u>	<u>14</u>

These complaints related to terms and conditions of employment and were all based on racial discrimination. "Probable cause" was found in 15 complaints and the complaints were resolved. "No cause" was found in the remaining 10.

Civil rights suits

For the period 1972-74, 10 civil rights suits involving employment practices were filed against the city; nine were against departments that received revenue sharing funds. However, no suits were related directly to the use of revenue sharing funds.

The major suit was filed by the Shield Club (an organization of minority police officers) against the city of Cleveland. This suit alleged discrimination in the hiring, promotion, and transfer of police officers. In December 1972 the U.S. District Court directed that 18 percent of the next 194 patrolmen hired be minorities. The city was further directed to formulate a new entrance examination, which was accomplished in 1973. In supplemental orders, the city was directed to develop new promotion, screening, and transfer criteria. New promotional examinations have been approved by the court, and as of January 1975, screening procedures were being developed and a transfer plan had been submitted to the court.

As a result of another suit, the city agreed that 18 percent of its fire department's 1973 hires would be minorities.

As of January 1975, two additional agreements were entered into by the city--both were against the police department and involved pregnancy leave and female-wearing apparel. Another case involving hiring practices in the municipal courts was being settled.

The remaining five suits were also against the police department. One was dismissed and the other four, sex discrimination cases, were still pending as of January 1975.

DAVIS-BACON PROVISION

The Revenue Sharing Act provides that all laborers and mechanics, employed by contractors and subcontractors to work on any construction project of which 25 percent or more of the cost is paid out of the revenue sharing trust fund, shall be paid wage rates which are not less than rates prevailing for similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The city did not use any revenue sharing funds for construction.

PREVAILING WAGE PROVISION

The Revenue Sharing Act provides that certain recipient employees, whose wages are paid in whole or in part out of the revenue sharing trust fund, shall be paid at rates which are no lower than the prevailing rates for persons employed in similar public occupations by the recipient government. The individuals covered by this provision are those in any category where 25 percent or more of the wages of all employees in the category are paid from the trust fund.

With few exceptions, city employees are paid salaries established by the city's civil service commission or through agreements with trade unions. These salaries are approved by the city council.

The salaries for individual positions are controlled by a "wage band," i.e., a salary range with a minimum and maximum. Employees' salaries are set by appointment within the authorized wage band.

We examined budgeted salaries for personnel paid with revenue sharing funds and found that salaries were within the authorized wage bands. In addition, we examined a revenue sharing payroll and found that all personnel received wages within the authorized wage bands.

CHAPTER 5

FINANCIAL STATUS

During the years 1969-73, Cleveland was confronted with periodic financial problems. Voters turned down city income tax increases, property tax receipts decreased, and services were reduced. Because the city has been unable to increase local revenues to adequate levels, it has become increasingly dependent on Federal grant dollars.

In 1970 and 1971, Cleveland voters turned down referendums to increase the city income tax rate, which was needed to maintain existing services. Because it anticipated voter approval of the increase, the city had chosen not to ask voters to renew a property tax levy of 5.8 mills provided by city charter, which was due to expire. As a result, 1971 property tax receipts dropped \$11.3 million. In addition, city income tax receipts were \$11.7 million lower than expected--perhaps due to a sluggish economy that year. To compensate for the revenue loss, the city reduced its work force by nearly 2,000 in 1971; yet, it still experienced a \$13.6 million general fund deficit. This deficit was transferred to the 1972 budget and deducted from available estimated 1972 revenues.

To alleviate the general fund deficit, the city in 1972 deferred 10 percent of each of its employees' pay until it could receive adequate funding. Because of Cleveland's financial crisis, the State legislature permitted Ohio cities to issue notes on bonds to pay general fund debts. The new legislation enabled the city to issue \$9.6 million in general purpose notes for the 1972 general fund. As a result of these actions, the city ended 1972 with a \$2,087 general fund surplus.

In 1973 the city sold its sewer system for approximately \$32 million. (See ch. 1.) Much of the proceeds from the sale has been expended for operating purposes. Some of these proceeds were used to retire the 1972 general purpose notes.

In 1974 voters rejected another attempt to raise the city income tax rate, and as a result, Cleveland was faced with another deficit in 1975-- \$16 million. Consequently, the city laid off approximately 1,100 employees in January and February 1975. A large number of these employees have been recalled and are being paid with Federal grant moneys.

TREND OF FUND BALANCES

The following table shows the 5-year cumulative surplus or deficit ending-fund balances for the city's operating funds.

Operating Fund Balances (note a)

<u>Operating fund</u>	<u>Fiscal year</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
	(000 omitted)				
General fund	\$ 207	\$ -450	\$-13,635	\$ 2	\$ 52
Utilities (general)	9	5	-	2	b/1
Water	1,735	1,691	4,556	5,839	3,794
Water pollution control	1,861	626	3,342	6,757	5,222
Light and power	463	174	2,349	135	4
Utilities engineering	-	-	-	-	1
Streets	149	-	-1,301	-908	c/-13
Cemeteries	29	1	5	a/1	a/1
Taxation	463	35	176	6	-
Sidewalks	-	-	-33	10	72
Auditorium and stadium	-	-208	-339	-292	(c)
Budget and management	b/1	122	88	1	(c)
Municipal parking	173	-	-140	-190	(d)
Airports	1,209	2,033	2,319	1,576	1,047
Sewer district sale	-	-	-	-	13,489
Total net	<u>\$6,299</u>	<u>\$4,029</u>	<u>\$-2,613</u>	<u>\$12,939</u>	<u>\$23,670</u>

a/ Amounts rounded.

b/ Actual surplus under \$500,000. Amount rounded to "1" to show a "surplus" balance rather than a "balanced" fund.

c/ Balances after the following subsidies are made from revenue sharing:

Streets	\$ 922,410
Auditorium and stadium	769,827
Budget and management	1,116,994

d/ Balances after \$296,398 subsidy from sewer district sale fund.

The 1971 general fund deficit may be attributed in part to lower-than anticipated income and real estate tax collections. In 1973 three funds were balanced because of subsidies from other funds--revenue sharing and proceeds from the sewer sale.

PENSION FUNDS

The city does not administer its own pension plans. City employees are covered by two separate State-administered plans. Police and firemen are covered by the Police and Firemen's Disability and Pension Fund. All other city employees are covered by the Public Employees Retirement System of Ohio (PERS). These plans are funded by employer and employee contributions.

In 1969 the Police and Firemen's Disability and Pension Fund was determined to be underfunded. The city's portion of this unfunded liability was approximately \$100 million and is to be paid over a 62-year period along with the regular payments. The PERS plan is considered to be actuarily sound.

INDEBTEDNESS

The city's bonded debt from 1969 to 1973 was as follows:

	<u>Net Bonded Debt (note a)</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
	(000 omitted)				
Gross debt:					
Tax supported	\$126,725	\$126,771	\$132,816	\$150,163	\$138,645
Self-supporting	85,678	137,911	125,256	128,814	139,564
Mortgage revenue	60,815	57,320	55,735	50,030	48,235
Total	<u>273,218</u>	<u>322,002</u>	<u>313,807</u>	<u>329,007</u>	<u>326,444</u>
Less sinking and redemption funds	<u>17,733</u>	<u>16,222</u>	<u>13,836</u>	<u>15,221</u>	<u>17,438</u>
Net debt	<u>\$255,485</u>	<u>\$305,780</u>	<u>\$299,971</u>	<u>\$313,786</u>	<u>\$309,006</u>

^aAmounts rounded.

Although bonded indebtedness has remained fairly steady over the last 4 years, the city is increasing its overall indebtedness by issuing non-voted notes as follows:

<u>Notes issued</u>				
<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
(000 omitted)				
\$8,200	\$13,200	\$21,600	\$60,450	\$68,155

These notes are 1-year notes which are generally renewed at the end of each year for a 5-year period. The city is obligated to pay the current interest and must redeem the principal at the end of the 5-year period or issue bonds. One of the reasons the city has used short-term borrowing is that interest rates were higher on long-term bonds.

Borrowing procedures

The city may borrow funds either by issuing bonds or notes. After a proposed issue has been approved by the city council, the finance director attempts to sell the issue to the trustees of the sinking fund. If the trustees do not purchase the issue, and the issue has a maturity value of more than 1 year, it must be advertised and sold at public sale. If the finance director decides to accept an interest bid different from that originally approved, the bid is subject to approval by the council.

The quality rating assigned to the city's general obligation bonds decreased in 1968 but has remained constant since then. The quality rating assigned to electric revenue bonds decreased in 1973. However, the quality rating on waterworks revenue bonds improved in 1968 and has remained constant since then.

Because State law allows cities to pay only a maximum 8 percent for borrowed money, Cleveland had difficulty selling utility bonds. Consequently, the city relied heavily on short-term borrowing for its cash needs.

Borrowing restrictions

Tax-supported bonds and notes issued and outstanding that are not subject to voter approval cannot exceed 5-1/2 percent of the assessed valuation of real, utility, and tangible personal property; however, the total, including those issued with voter approval, cannot exceed 10-1/2 percent of the assessed valuation. With some exceptions, these limitations govern only tax-supported bonds and notes.

Cleveland's legal debt margin has remained fairly steady over the last 5 years. In 1973 its legal debt ceiling was \$295.6 million while its applicable net indebtedness was \$135.1 million, leaving a legal debt margin of \$160.5 million.

TAXATION

Major taxes levied

In 1974 the following major taxes were levied by the city of Cleveland or by the county for the city.

Income--A 1 percent tax is imposed on residents' income, nonresidents' income from work performed in the city, business net profits derived from activities in the city, and on a resident's distributive share of unincorporated business profits.

Real and utility property--A 15.10 mill (\$15.10 per \$1,000 assessed valuation) tax is imposed on the assessed valuation of all real and utility property. In 1973 property was assessed at 30.6 percent of market value. Over the last 5 years the rates have varied as follows:

	<u>Assessed value</u>	<u>Mills</u>
1969	32.8%	19.90
1970	33.4	19.90
1971	33.0	14.10
1972	32.4	15.10
1973	30.6	15.10

The decrease in the 1971 rate resulted from the expiration of a 5.8 mill property tax levy provided by city charter for operating expenses. As stated on page , the city did not ask the voters to renew this levy. The 1 mill increase in the 1972 rate resulted from increases of 0.43 mill for operating expenses and 0.57 mill for the sinking fund, which did not require voter approval.

Tangible personal property--A tax at the rate of \$15.10 per \$1,000 of assessed value is levied on business income producing property. These rates have varied the same as the real property rates above. Following are the assessed bases of taxation:

--Machinery and equipment--assessed at 50 percent of book value.

--Manufacturing and merchandising inventories--assessed at 45 percent of average book value, which is a decrease from previous years (1972, 49 percent; 1973, 47 percent).

--Other personal property (furniture, fixtures, etc.)--assessed at 58 percent of book value, which is also a decrease from previous years. The percentage will drop in future years to 54 percent for 1975 and 50 percent for 1976 and thereafter.

In 1969 the city also collected an intangible personal property tax on investments and monetary deposits. This tax is now collected by the county for operating local libraries.

School districts serving Cleveland also levy a tax on real, utility, and tangible personal property. In 1974 the Cleveland school district, which serves nearly all of Cleveland, taxed these properties at \$42.20 per \$1,000 of assessed valuation. Rates in earlier years varied as follows:

	<u>Assessed value</u>	<u>Mills</u>
1969	32.8%	32.20
1970	33.4	33.10
1971	33.0	39.30
1972	32.4	42.00
1973	30.6	42.00

The following table shows the major tax receipts of the city of Cleveland and the Cleveland school district for 1969-73.

Taxes Collected (note a)

	<u>Income</u>	<u>Real and utility property</u>	<u>Tangible property</u> (000 omitted)	<u>Other</u>	<u>Total</u>
City of Cleveland:					
1969	\$35,502	\$26,282	\$15,171	\$503	\$77,458
1970	40,639	25,584	15,209	464	81,896
1971	37,247	14,271	9,054	538	61,110
1972	47,264	14,526	8,455	501	70,746
1973	44,841	14,270	8,245	527	67,883
Cleveland school district:					
1969	-	55,290	31,959	178	87,427
1970	-	53,809	32,126	221	86,156
1971	-	61,019	38,160	226	99,405
1972	-	61,948	36,194	52	98,194
1973 (note b)	-	63,624	36,200	172	99,996

aAmounts rounded.

bEstimated.

Taxing limitations

State law provides a 10 mill limit on the aggregate rate of taxation applied to the taxable value of any particular parcel of real property by all of the taxing authorities (e.g., city, county, and school) having jurisdiction over it. The portion of the tax rate attributable to each such taxing authority is determined by the needs of such authority, as reviewed and adjusted by the county budget commission. State law allows taxing authorities, with voter approval or by city charter provisions, to levy taxes outside the 10 mill limitation for such purposes as current expenses, payment of debt charges, public library, roads and bridges, and school construction.

In 1973 the aggregate property tax rate in Cleveland was 67.10 mills, of which 9.95 mills were levied within the 10 mill limit and 57.15 mills were levied outside the 10 mill limit. Shown below are the allocations of the 67.10 mills to the city, county, and schools.

	<u>Within 10 mill limitation</u>	<u>Outside 10 mill limitation</u>	<u>Total</u>
Cleveland	4.45	10.65	15.10
County	1.50	8.50	10.00
Schools	<u>4.00</u>	<u>38.00</u>	<u>42.00</u>
Total	<u>9.95</u>	<u>57.15</u>	<u>67.10</u>

The Cleveland city charter limits to 8.35 mills the tax rate that may be levied without a vote of the people for the current operating expenses of the city, including the levies for police and fire pensions. However, the charter provided that such limitation for operating expenses could be exceeded in each of the years 1968, 1969, and 1970, by not more than 5.8 mills. After this provision expired, the city chose not to ask voters to renew the 5.8 mills because it anticipated voter approval of an increase to the income tax rate. Consequently, the rate for 1971 was 14.10 or 5.8 mills less than the rate of 19.90 for 1970.

For 1973, Cleveland's total mill rate of 15.10, which includes the 8.35 mills limit set by city charter for operating expenses and pensions, was allocated for the following purposes.

<u>Purpose</u>	<u>Within 10 mill limitation</u>	<u>Outside 10 mill limitation</u>	<u>Total</u>
City operation	2.07	5.63	7.70
Firemen's pension	.30	-	.30
Police pension	<u>.35</u>	<u>-</u>	<u>.35</u>
Total (limit set by charter for operations)	2.72	5.63	8.35
Capital improvement	.20	-	.20
Sinking fund	<u>1.53</u>	<u>5.02</u>	<u>6.55</u>
Total	<u>4.45</u>	<u>10.65</u>	<u>15.10</u>

According to State law, the city's income tax rate cannot be increased above 1 percent without voter approval. Attempts to increase the tax rate were defeated by the voters in 1970, 1971, and 1974.

Family tax burden

We computed the local and State taxes of three hypothetical Cleveland families, assuming each family had a different income consisting of only wages--no investment or interest income and no capital gains. Each family has no assets other than a house, personal property, and a car (family C has two cars). Families A and B consume 1,000 gallons of gasoline, family C consumes 1,500 gallons. The following assumptions are used to determine the tax burden in Cleveland.

<u>Assumptions</u>	<u>Family</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
Family income	\$ 7,500	\$12,500	\$17,500
House value (new home)	18,750	31,250	43,750
Personal property (furniture)	1,500	2,500	3,500
Market value of car(s)	1,700	1,800	2,300

Based on the above assumptions, the following table shows the 1973 tax burden of a family of four living in the city.

<u>Tax</u>	<u>Family</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
City:			
Income	\$ 75.00	\$125.00	\$ 175.00
Real property	77.97	129.95	181.93
Total	<u>152.97</u>	<u>254.95</u>	<u>356.93</u>
County:			
Real property	51.64	86.06	120.49
Sales	9.36	14.04	18.24
Total	<u>61.00</u>	<u>100.10</u>	<u>138.73</u>
Cleveland school district:			
Real property	216.88	361.46	506.05
Total	<u>216.88</u>	<u>361.46</u>	<u>506.05</u>
State:			
Income	30.00	85.00	187.50
Sales	78.00	117.00	152.00
Gasoline	70.00	70.00	105.00
Total	<u>178.00</u>	<u>272.00</u>	<u>444.50</u>
Total	<u>\$608.85</u>	<u>\$988.51</u>	<u>\$1,446.21</u>
Total as percentage of income	<u>8.11</u>	<u>7.90</u>	<u>8.26</u>

The above city, county, and school real property taxes are based on an assessed value of 30.6 percent of market value and levied at a rate of 67.10 mills, less a 10 percent "rollback." The rollback (a tax credit) was granted to all real property owners by the State as a result of the enactment of the State income tax in 1972. The State, however, reimburses the local governments for the tax loss.

The bases for the other county and State taxes in the preceding table follow.

--County--Sales tax is 1/2 percent on most purchases.

--State--Sales tax is 4 percent on most purchases. Gasoline tax is 7 cents per gallon. Income tax is graduated. Allowing personal exemptions of \$500 for each taxpayer, spouse and dependent, the tax is levied generally on adjusted gross income (per Federal tax return) at rates ranging from 1/2 to 3-1/2 percent.

In addition to the preceding taxes, a Cleveland resident may pay:

--A city admissions tax of 3 percent.

--A State cigarette tax of 15 cents per pack.

--A State alcoholic beverage tax on beer and wine at varying rates based on alcoholic content (tax is included in purchase price).

--A State real estate transfer tax of \$1 per \$1,000 sale price of property transferred.

CHAPTER 6
OTHER FEDERAL AID

FEDERAL AID RECEIVED

We attempted to determine the effect revenue sharing had on Federal categorical aid programs. We wanted to compare, by year, Federal aid dollars received before and after the revenue sharing program began. However, we were unable to readily obtain reliable receipt data for any year.

In the past, Federal grants have not been included in the city's budget. This has caused confusion in relating the city's budget to the city's total annual expenditures. Because the city saw a serious need to interface grant receipts and expenditures with the city's budget, Cleveland established a Federal grants office in 1974. In addition, the office was to centralize grant administration and control.

Unable to obtain reliable data on actual cash receipts, the grants office compiled grant expenditures, beginning with 1972. Expenditures for 1971 (the year prior to revenue sharing) were unavailable.

Federal grant expenditures for 1972-74 follow:

<u>Department, agency, or program</u>	<u>1972</u> (actual)	<u>1973</u> (actual)	<u>1974</u> (estimated)
Labor	\$11,473,105	\$16,044,276	\$14,525,467
Housing and Urban Development (HUD)	4,851,783	4,438,467	8,836,037
Law Enforcement Assistance Administration	433,894	6,223,322	8,400,482
Model Cities		1,047,664	2,503,592
Health, Education, and Welfare	455,545	962,014	2,197,817
Other	<u>599,133</u>	<u>3,649,343</u>	<u>6,621,875</u>
Total	<u>\$17,813,460</u>	<u>\$32,365,086</u>	<u>\$43,085,270</u>

REDUCTIONS OR INCREASES IN FEDERAL AID
AND IMPACT ON CLEVELAND

Some individual grant expenditures in the above categories have increased or decreased; however, the overall trend is significantly upward. Part of this increase may be attributed to the present city administration's aggressive efforts to obtain Federal funding.

According to city officials, most Federal grants have remained stable or are increasing. A major funding source showing a significant decrease was the Department of Labor's EEA funding. These funds were reduced by the Congress. Approximately \$2 million of revenue sharing funds were used in 1973 to pay personnel previously funded under EEA. The EEA funds have been replaced by Comprehensive Employment and Training Act (CETA) funds. The city received about \$12 million in CETA funds in 1974, which are not reflected in the preceding 1974 expenditures.

In 1973 nearly \$1 million of revenue sharing funds was used for a demolition program previously funded by a HUD grant. In 1974 this function was funded with about \$1 million of local funds--proceeds from the sale of the city's sewer system.

We also learned that some HUD grants decreased during 1973-74 in anticipation of the new community development block grant program. Cleveland expects to receive approximately \$92 million from the program over a 6-year period beginning in 1975.

In 1975 the city anticipates a significant increase in Federal grants.

CHAPTER 7

SCOPE OF REVIEW

We discussed the impact of the revenue sharing program with directors of departments receiving revenue sharing funds.

We also obtained the following information from these city offices.

--Accounting--attempted to compile Federal grant receipts from accounting ledgers to compare with records maintained by fiscal officers in various departments; reviewed revenue sharing records; and obtained expenditure data.

--Personnel--reviewed employment statistics and wage and salary provisions.

--Budget and finance--obtained financial statements, budget documents, and grant expenditure data; and discussed the revenue sharing program and fiscal condition of the city.

--Community relations board--obtained employment and discrimination complaint statistics and discussed Cleveland's non-discrimination policies.

--Law--compiled data on discrimination suits filed against the city.

--Internal and State audits--inquired into any audits of revenue sharing.

--Various--discussed publicity given the revenue sharing program and public participation in its budgeting; and reviewed limitations and/or procedures regarding taxation, debt, borrowing, and accountability for funds.

We visited EEOC and OCRC to obtain information on discrimination complaints filed against the city. In addition, we obtained the views of eight community organizations concerning their interests in the revenue sharing program and the city's employment practices. We also contacted three school districts and obtained budget data. Our work was limited to gathering selected data relating to areas identified by the Subcommittee Chairman.

Officials of Cleveland reviewed our case study, and we considered their comments in finalizing it.

APPENDIX I

APPENDIX I

CITY GOVERNMENT WORK FORCE

CLEVELAND, OHIO

JUNE 30, 1974

Function/ job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
All functions:												
Officials	366	91	3	460	23	22	2	47	389	113	5	507
Professionals	456	55	9	520	75	47	4	126	531	102	13	646
Technicians	816	199	8	1,023	61	74	-	135	877	273	8	1,158
Protective service	2,834	367	4	3,205	53	29	-	82	2,887	396	4	3,287
Paraprofessionals	402	320	6	728	116	121	4	241	518	441	10	969
Office/clerical	179	57	-	236	318	313	9	640	497	370	9	876
Skilled craft	508	75	-	583	-	-	-	-	508	75	-	583
Service/maintenance	539	1,590	9	2,138	6	63	-	69	545	1,653	9	2,207
Total	6,100	2,754	39	8,893	652	669	19	1,340	6,752	3,423	58	10,233
Percent	59.6	26.9	.4	86.9	6.4	6.5	.2	13.1	66.0	33.4	.6	100
All functions (excluding police and fire personnel):												
Total	2,514	2,403	34	4,951	558	594	19	1,171	3,072	2,997	53	6,122
Percent	41.1	39.3	.6	80.9	9.1	9.7	.3	19.1	50.2	49.0	.9	100
Police protection:												
Officials	26	-	-	26	-	-	-	-	26	-	-	26
Professionals	128	4	1	133	3	-	-	3	131	4	1	136
Technicians	261	18	-	279	9	8	-	17	270	26	-	296
Protective service	1,811	203	4	2,018	49	20	-	69	1,860	223	4	2,087
Paraprofessionals	7	-	-	7	2	1	-	3	9	1	-	10
Office/clerical	-	-	-	-	27	41	-	68	27	41	-	68
Skilled craft	69	10	-	79	-	-	-	-	69	10	-	79
Service/maintenance	47	44	-	91	1	5	-	6	48	49	-	97
Total	2,349	279	5	2,633	91	75	-	166	2,440	354	5	2,799
Percent	83.9	10.0	.2	94.1	3.3	2.7	-	5.9	87.2	12.6	.2	100
Fire protection:												
Officials	39	-	-	39	-	-	-	-	39	-	-	39
Professionals	75	3	-	78	-	-	-	-	75	3	-	78
Technicians	164	9	-	173	-	-	-	-	164	9	-	173
Protective service	940	59	-	999	-	-	-	-	940	59	-	999
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	1	-	-	1	3	-	-	3	4	-	-	4
Skilled craft	18	1	-	19	-	-	-	-	18	1	-	19
Service/maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,237	72	-	1,309	3	-	-	3	1,240	72	-	1,312
Percent	94.3	5.5	-	99.8	.2	-	-	.2	94.5	5.5	-	100
Public utilities:												
Officials	168	51	3	222	6	6	-	12	174	57	3	234
Professionals	58	9	-	67	9	4	1	14	67	13	1	81
Technicians	127	54	1	182	3	-	-	3	130	54	1	185
Protective service	31	23	-	54	2	-	-	2	33	23	-	56
Paraprofessionals	132	179	2	313	2	-	-	2	134	179	2	315
Office/clerical	128	44	-	172	120	100	2	222	248	144	2	394
Skilled craft	287	56	-	343	-	-	-	-	287	56	-	343
Service/maintenance	122	263	-	385	2	12	-	14	124	275	-	399
Total	1,053	679	6	1,738	144	122	3	269	1,197	801	9	2,007
Percent	52.5	33.8	.3	86.6	7.2	6.1	.1	13.4	59.6	39.9	.4	100
Public properties:												
Officials	15	-	-	15	-	-	-	-	15	-	-	15
Professionals	35	4	-	39	-	-	-	-	35	4	-	39
Technicians	10	3	3	16	-	2	-	2	10	5	3	18
Protective service	-	-	-	-	-	1	-	1	-	1	-	1
Paraprofessionals	142	70	-	212	45	39	-	84	187	109	-	296
Office/clerical	8	3	-	11	21	11	-	32	29	14	-	43
Skilled craft	29	2	-	31	-	-	-	-	29	2	-	31
Service/maintenance	114	139	4	257	3	34	-	37	117	173	4	294
Total	353	221	7	581	69	87	-	156	422	308	7	737
Percent	47.9	30.0	.9	78.8	9.4	11.8	-	21.2	57.3	41.8	.9	100

BEST DOCUMENT AVAILABLE

APPENDIX I

APPENDIX I

Function/ job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Finance and courts:												
Officials	31	10	-	41	6	3	-	9	37	13	-	50
Professionals	72	10	-	82	12	10	-	22	84	20	-	104
Technicians	71	13	1	85	22	17	-	39	93	30	1	124
Protective service	-	-	-	-	-	-	-	-	-	-	-	-
Paraprofessionals	84	14	2	100	50	30	-	80	134	44	2	180
Office/clerical	15	2	-	17	66	45	1	112	81	47	1	129
Skilled craft	-	-	-	-	-	-	-	-	-	-	-	-
Service/maintenance	-	1	-	1	-	-	-	-	-	1	-	1
Total	273	50	3	326	156	105	1	262	429	155	4	588
Percent	46.4	8.5	.5	55.4	26.5	17.9	.2	44.6	73.0	26.4	.7	100
Community development:												
Officials	25	9	-	34	2	6	-	8	27	15	-	42
Professionals	7	1	-	8	1	-	-	1	8	1	-	9
Technicians	82	47	-	129	1	5	-	6	83	52	-	135
Protective service	2	3	-	5	-	-	-	-	2	3	-	5
Paraprofessionals	6	3	-	9	5	8	-	13	11	11	-	22
Office/clerical	1	-	-	1	17	27	-	44	18	27	-	45
Skilled craft	-	-	-	-	-	-	-	-	-	-	-	-
Service/maintenance	3	7	-	10	-	-	-	-	3	7	-	10
Total	126	70	-	196	26	46	-	72	152	116	-	268
Percent	47.0	26.1	-	73.1	9.7	17.2	-	26.9	56.7	43.3	-	100
Public service:												
Officials	11	8	-	19	-	-	-	-	11	8	-	19
Professionals	14	-	2	16	-	-	-	-	14	-	2	16
Technicians	23	5	-	28	-	2	-	2	23	7	-	30
Protective service	2	12	-	14	-	-	-	-	2	12	-	14
Paraprofessionals	16	7	-	23	-	-	-	-	16	7	-	23
Office/clerical	17	6	-	23	15	10	-	25	32	16	-	48
Skilled craft	88	6	-	94	-	-	-	-	88	6	-	94
Service/maintenance	204	1,083	4	1,291	-	-	-	-	204	1,083	4	1,291
Total	375	1,127	6	1,508	15	12	-	27	390	1,139	6	1,535
Percent	24.4	73.4	.4	98.2	1.0	.8	-	1.8	25.4	74.2	.4	100
Port control:												
Officials	12	-	-	12	-	-	-	-	12	-	-	12
Professionals	6	-	-	6	-	-	-	-	6	-	-	6
Technicians	24	7	-	31	4	1	-	5	28	8	-	36
Protective service	32	9	-	41	-	-	-	-	32	9	-	41
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	3	1	-	4	9	6	-	15	12	7	-	19
Skilled craft	10	-	-	10	-	-	-	-	10	-	-	10
Service/maintenance	40	35	1	76	-	2	-	2	40	37	1	78
Total	127	52	1	180	13	9	-	22	140	61	1	202
Percent	62.9	25.7	.5	89.1	6.4	4.5	-	10.9	69.3	30.2	.5	100
Human resources and economic development:												
Officials	17	5	-	22	3	4	2	9	20	9	2	31
Professionals	7	2	1	10	5	1	-	6	12	3	1	16
Technicians	-	1	-	1	1	3	-	4	1	4	-	5
Protective service	-	7	-	7	-	-	-	-	-	7	-	7
Paraprofessionals	5	28	2	35	7	21	2	30	12	49	4	65
Office/clerical	4	1	-	5	6	18	3	27	10	19	3	32
Skilled craft	-	-	-	-	-	-	-	-	-	-	-	-
Service/maintenance	2	1	-	3	-	1	-	1	2	2	-	4
Total	35	45	3	83	22	48	7	77	57	93	10	160
Percent	21.9	28.1	1.9	51.9	13.8	30.0	4.4	48.1	35.6	58.1	6.2	100
Health and welfare:												
Officials	22	8	-	30	6	3	-	9	28	11	-	39
Professionals	54	22	5	81	45	32	3	80	99	54	8	161
Technicians	54	42	3	99	21	36	-	57	75	78	3	156
Protective service	16	51	-	67	2	8	-	10	18	59	-	77
Paraprofessionals	10	19	-	29	5	22	2	29	15	41	2	58
Office/clerical	2	-	-	2	34	55	3	92	36	55	3	94
Skilled craft	7	-	-	7	-	-	-	-	7	-	-	7
Service/maintenance	7	17	-	24	-	9	-	9	7	26	-	33
Total	172	159	8	339	113	165	8	286	285	324	16	625
Percent	27.5	25.4	1.3	54.2	18.1	26.4	1.3	45.8	45.6	51.8	2.6	100

GAO note: 1. The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

2. Figures in this appendix were not verified by GAO.

APPENDIX II

APPENDIX II

CITY GOVERNMENT NEW HIRES

CLEVELAND, OHIO

YEAR ENDED JUNE 30, 1974

Function/ job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
All functions:												
Officials	15	4	-	19	3	3	-	6	18	7	-	25
Professionals	48	5	2	55	26	13	3	42	74	18	5	97
Technicians	26	10	-	36	6	18	-	24	32	28	-	60
Protective service	2	5	-	7	-	-	-	-	2	5	-	7
Paraprofessionals	21	16	-	37	8	13	-	21	29	29	-	58
Office/clerical	30	6	-	36	35	38	3	76	65	44	3	112
Skilled craft	11	-	-	11	-	-	-	-	11	-	-	11
Service/maintenance	11	33	1	45	-	3	-	3	11	36	1	48
Total	164	79	3	246	78	88	6	172	242	167	9	418
Percent	39.2	18.9	.7	58.9	18.7	21.1	1.4	41.1	57.9	40.0	2.2	100
Public utilities:												
Officials	6	2	-	8	2	-	-	2	8	2	-	10
Professionals	13	-	-	13	1	1	1	3	14	1	1	16
Technicians	10	2	-	12	1	-	-	1	11	2	-	13
Protective service	2	3	-	5	-	-	-	-	2	3	-	5
Paraprofessionals	8	2	-	10	-	-	-	-	8	2	-	10
Office/clerical	25	6	-	31	24	16	2	42	49	22	2	73
Skilled craft	2	-	-	2	-	-	-	-	2	-	-	2
Service/maintenance	5	29	1	35	-	-	-	-	5	29	1	35
Total	71	44	1	116	28	17	3	48	99	61	4	164
Percent	43.3	26.8	.6	70.7	17.1	10.4	1.8	29.3	60.4	37.2	2.4	100
Health and welfare:												
Officials	6	1	-	7	1	3	-	4	7	4	-	11
Professionals	27	5	2	34	22	7	2	31	49	12	4	65
Technicians	8	6	-	14	3	15	-	18	11	21	-	32
Protective service	-	2	-	2	-	-	-	-	-	2	-	2
Paraprofessionals	4	14	-	18	2	12	-	14	6	26	-	32
Office/clerical	5	-	-	5	9	18	-	27	14	18	-	32
Skilled craft	9	-	-	9	-	-	-	-	9	-	-	9
Service/maintenance	5	2	-	7	-	3	-	3	5	5	-	10
Total	64	30	2	96	37	58	2	97	101	88	4	193
Percent	33.2	15.5	1.0	49.7	19.2	30.1	1.0	50.3	52.3	45.6	2.1	100
Finance and courts:												
Officials	3	1	-	4	-	-	-	-	3	1	-	4
Professionals	8	-	-	8	3	5	-	8	11	5	-	16
Technicians	8	1	-	9	2	3	-	5	10	4	-	14
Protective service	-	-	-	-	-	-	-	-	-	-	-	-
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	9	-	-	9	6	1	-	7	15	1	-	16
Skilled craft	-	-	-	-	2	4	1	7	2	4	1	7
Service/maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Total	28	2	-	30	13	13	1	27	41	15	1	57
Percent	49.1	3.5	-	52.6	22.8	22.8	1.8	47.4	71.9	26.3	1.8	100
Public service:												
Officials	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	-	-	-	-	-	-	-	-	-	-	-	-
Technicians	-	1	-	1	-	-	-	-	-	1	-	1
Protective service	-	-	-	-	-	-	-	-	-	-	-	-
Paraprofessionals	-	-	-	-	-	-	-	-	-	-	-	-
Office/clerical	-	-	-	-	-	-	-	-	-	-	-	-
Skilled craft	-	-	-	-	-	-	-	-	-	-	-	-
Service/maintenance	1	2	-	3	-	-	-	-	1	2	-	3
Total	1	3	-	4	-	-	-	-	1	3	-	4
Percent	25.0	75.0	-	100	-	-	-	-	25.0	75.0	-	100

GAO note: 1. The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

2. Figures in this appendix were not verified by GAO.

EMPLOYMENT DISCRIMINATION COMPLAINTS
AGAINST CLEVELAND, OHIO
1972-74

<u>Number</u>	<u>Department</u>	<u>Complaint</u>	<u>Filed with</u>	<u>Basis (note a)</u>	<u>Disposition</u>
11	Police	Hiring	EEOC	Sex	Probable cause
8	Police	Layoff	OCRC	Sex	Probable cause
1	Police	Hiring	EEOC	Race	Probable cause
1	Police	Hiring	OCRC	Race	No cause
1	Police	Hiring	EEOC	Race	Pending investigation
1	Police	Terms and conditions	EEOC	Sex	Pending investigation
1	Police	Hiring	EEOC	Sex	Unknown
1	Police	Terms and conditions	EEOC	Sex	Unknown
4	Health	Terms and conditions	OCRC	Sex	No cause
1	Health	Terms and conditions	OCRC	Religion	No cause
1	Health	Terms and conditions	OCRC	Race	No cause
1	Health	Hiring	OCRC	Race	No cause
1	Health	Terms and conditions	EEOC	Race	Pending investigation
2	Utilities	Layoff	OCRC	Race	Probable cause
1	Utilities	Terms and conditions	OCRC	Race	No cause
2	Utilities	Terms and conditions	OCRC	Race	Pending investigation
2	Utilities	Terms and conditions	EEOC	Race	Pending investigation
1	Civil service commission	Terms and conditions	OCRC	National origin	No cause
1	Civil service commission	Hiring	EEOC	Sex	Unknown
1	City (general)	Hiring	OCRC	Race	No cause
1	City (general)	Hiring	EEOC	Sex	Unknown
1	Municipal court	Hiring	OCRC	Race	Probable cause
1	Cemeteries	Terms and conditions	OCRC	Race	No cause
<u>46</u>	Total				

^aSome of the complaints alleging sex discrimination may also include race as a basis.

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